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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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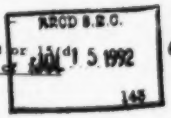
FORM 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of [illegible]



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For Quart[illegible] May 31, 1992

Commission File Number 0-3492

RESERVE INDUSTRIES CORPORATION
(exact name of registrant as specified in its charter)

PROCESSED BY
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New Mexico
(State or other jurisdiction of incorporation of organization)

85-0128783
(I.R.S. Employer [illegible]ification Number)

20 First Plaza, Suite 308, Albuquerque, New Mexico 87102
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (505) 247-2384

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___ ___

At July 10, 1992, 2,805,043 shares of common stock, $1.00 par value were outstanding.

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RESERVE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MAY 31, 1992 and NOVEMBER 30, 1991

ASSETS	1992	1991
CURRENT ASSETS:		
Cash and cash equivalents	$ 17,594	$ 69,674
Marketable securities	38,360	39,469
Receivables, less allowance for doubtful accounts of $275,394 in 1992 and 1991	402,076	420,871
Receivables from affiliates	818,499	818,499
Inventories	533,257	507,160
Prepaid expenses and deposits	30,490	60,667
Investment in limited partnership	36,000	100,000
Total current assets	1,876,236	2,015,531
PROPERTY, PLANT AND EQUIPMENT, at cost	11,741,398	11,738,913
Less accumulated depreciation and depletion	(2,718,876)	(2,644,544)
	9,022,522	9,094,369
INVESTMENT IN UNCONSOLIDATED AFFILIATES	3,888,870	3,651,870
CONTRACTUAL RIGHTS, NET	700,000	719,445
ORGANIZATION COSTS, less accumulated amortization of $44,597 in 1992 and $41,087 in 1991	32,719	36,229
GOODWILL, less accumulated amortization of $64,166 in 1992 and $59,166 in 1991	35,834	40,834
OTHER ASSETS	124,710	124,710
	$ 15,680,891	$ 15,682,988
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
CURRENT LIABILITIES:		
Short-term debt	$ 805,931	$ 746,756
Current portion of long-term debt	726,742	774,394
Trade accounts payable	1,720,112	1,507,250
Other current liabilities	2,760,799	2,435,233
Total current liabilities	6,013,584	5,463,633
LONG-TERM OBLIGATIONS:		
Long-term debt, less current portion	4,486,733	4,505,970
DEFERRED GAIN from stock issued for debt reduction	1,500,000	1,500,000
STOCKHOLDERS' INVESTMENT:		
Common stock, $1.00 par value. Authorized 6,000,000 shares, issued and outstanding 2,308,043 shares in 1992 and 1991	2,805,043	2,805,043
Additional paid-in capital	7,458,718	7,458,718
Accumulated deficit	(6,583,187)	(6,050,376)
Total stockholders' investment	3,680,574	4,213,385
	$ 15,680,891	$ 15,682,988

The accompanying notes are an integral part of these consolidated statements.

RESERVE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDING MAY 31, 1992 AND 1991

	Six Months Ending May 31		Quarter Ending May 31	
	1992	1991	1992	1991
REVENUES:				
Sales	$ 1,483,018	$ 3,141,787	$ 792,497	$ 1,675,28
Investment income	-	-	-	-
Gains (losses) on sales -				
Marketable securities	109,575	-	-	
Property and equipment	-	-	-	-
Income from affiliates -				
Equity in earnings	223,000	143,000	138,000	48,66
Consulting	18,000	18,000	9,000	9,00
Other	22,363	2,816	14,000	(56
	1,855,956	3,305,603	953,497	1,732,31
COSTS AND EXPENSES:				
Cost of sales	1,393,430	3,051,826	724,191	1,619,57
General and administration	624,671	1,191,008	213,605	791,43
Interest	269,479	293,968	131,247	165,39
Depreciation and amortization	102,187	431,302	32,805	214,29
Reduction of capitalized equipment, exploration, acquisition and carrying costs	-	-	-	-
	2,388,767	4,968,104	1,101,848	2,790,69
Income (loss) from continuing operations	(532,811)	(1,662,501)	(148,351)	(1,058,37
PROVISION FOR INCOME TAXES:	-	-	-	-
Income (loss) before extraordinary items	(532,811)	(1,662,501)	(148,351)	(1,058,37
EXTRAORDINARY ITEMS:				
Reduction of income taxes from net operating loss carryforward	-	-	-	-
Net income (loss)	$ (532,811)	$ (1,662,501)	$ (148,351)	$ (1,058,37
EARNINGS (LOSS) PER SHARE:				
Income (loss) from continuing operations	$ (0.21)	$ (0.79)	$ (0.06)	$ (0.50
Provision for income taxes	-	-	-	-
Extraordinary items	-	-	-	-
Net income (loss) per share	$ (0.21)	$ (0.79)	$ (0.06)	$ (0.50
Weighted Average Number of Shares of Common Stock Outstanding	2,595,454	2,112,114	2,595,454	2,112,114

The accompanying notes are an integral part of these consolidated statements.

RESERVE INDUSTRIES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDING MAY 31, 1992 AND 1991

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (532,811)	$ (1,662,501)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Cost of stock issued for services	-	313,177
Depreciation and amortization	102,187	431,302
Reduction of capitalized equpment, exploration, acquisition and carrying costs		-
Equity in earnings of affiliates	(223,000)	(143,000)
(Gain) loss on sale of property and equipment		-
(Gain) loss on sale of marketable securities	(109,575)	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	18,795	(2,910)
(Increase) decrease in inventories	(26,097)	(121,452)
(Increase) decrease in other current assets	29,977	(125,673)
Increase (decrease) in trade accounts payable	212,862	243,547
Increase (decrease) in other current liabilities	325,566	383,133
(Increase) decrease in other assets	-	1,088
Total adjustments	330,715	979,212
Net cash provided (used) by operating activities	(202,096)	(683,289)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	174,675	-
Capital expenditures	(2,385)	(1,907,882)
Investment in unconsolidated affiliates	(14,000)	(274,000)
Organization expenditures	-	-
Net cash provided (used) by investing activities	158,290	(2,181,882)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of long-term debt		2,736,717
Principal payments on long-term debt	(66,889)	(207,393)
Issuance of common stock and stock options for extinguishment of debt	-	-
for extinguishment of related accrued interest	-	-
Net principal increase (payments) in short-term debt	59,175	308,974
Net cash provided (used) by financing activities	(7,714)	2,838,298
Net (decrease) increase in cash and cash equivalents	(51,520)	(26,873)
Cash and cash equivalents at beginning of year	69,074	155,594
Cash and cash equivalents at February 28, 1992 and 1991	$ 17,554	$ 128,721
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 48,260	$ 73,206

The accompanying notes are an integral part of these consolidated statements.

FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying statements, which should be read in conjunction with the Consolidated Financial Statements included in the fiscal year end 1991 Annual Report filed on Form 10-K, are unaudited but have been prepared in the ordinary course of business of the purpose of providing information with respect to the interim periods, and are subject to audit at the close of the year. However, it is the opinion of the management of the Company that all adjustments (none of which were other than normal recurring accruals) necessary for a fair presentation of such periods have been included.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Six months ended May 31, 1992 compared with six months ended May 31, 1991

During the first six months the company lost $532,811 or $0.21 per share as compared to losses of $1,662,501 or $0.79 per share in the first six months of last year.

The Company's revenues for the first six months were $1,855,956 as compared to $3,305,603 for the first six months of last year. The revenues and cost of sales were reduced as a result of the suspension of operations at the Company's wholly owned subsidiary L-Bar Products, Inc. The general and administration costs decreased from last year as a result of the Company's effort to bring expenditures in line with cash flow. The effect of the reductions were partially offset due to the legal expenses related to the special shareholders meeting. Some of the expenses contained in the general and administrative costs have been accrued but not paid due to the Company's limited cash flow.

On December 6, 1991 the Company suspended operations at its wholly owned subsidiary, L-Bar Products, Inc.. The operations were suspended because of the disruption in sales under L-Bar's long-term magnesium granule sales contract. The Company is working to develop alternative sales outlets for its magnesium granules. On December 13, 1991 Northwest Alloys Inc., the company that provides the waste products that L-Bar processes, announced a 40% reduction in its production which further complicates the situation. At this reduced level of production it is even more difficult to sustain the L-Bar operation.

On December 13, 1991 an involuntary petition for Chapter 7 liquidation under the bankruptcy code was filed against L-Bar Products by three of its creditors. On July 13, 1992, L-Bar Products filed a petition for Chapter 11 protection in order to develop a plan to pay its creditors.

Quarter ended May 31, 1992 compared with the quarter ended May 31, 1991

During the second quarter the company lost $148,351 or $0.06 per share as compared to losses of $1,058,375 or $0.50 per share in the second quarter of last year.

The Company's revenues for the second quarter were $953,497 as compared to $1,732,313 for the second quarter of last year. The revenues and cost of sales were reduced as a result of the suspension of operations at the Company's wholly owned subsidiary L-Bar Products, Inc.. The general and administration costs decreased from last year as a result of the Company's effort to bring expenditures in line with cash flow.

Liquidity and Capital Resources

Period from December 1, 1991 to May 31, 1992

Working capital decreased $689,246 for the six months because of losses from operations. The decrease in working capital includes $469,603 in accrued salaries and interest. The Company did not make any significant capital improvement expenditures during this period.

PART II - OTHER INFORMATION

ITEM 1. Legal Proceedings

On July 13, 1992 L-Bar Products Inc., a wholly owned subsidiary of the Company filed a reorganization petition under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court, District of New Mexico.

ITEM 2. Changes in Securities

Not Applicable

ITEM 3. Defaults upon Senior Securities

Not Applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

The Company held its Annual Meeting in Albuquerque, New Mexico on May 12, 1992. All of the directors nominated were elected to hold office until the next annual meeting of the shareholders or until their successors are elected and qualified. The proxy statement for the 1992 Annual Meeting of the shareholders in incorporated herein by reference.

ITEM 5. Other Information

Not Applicable

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits - copy of the petition noted in Item 1. above.
(b) Reports - none

SIGNATURE

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESERVE INDUSTRIES CORPORATION
(Registrant)

By _____
William J. Melfi, Vice President
Finance and Administration
(Principal Financial and Accounting
Officer and Authorized Officer)

Date: July 13, 1992